

SEPTEMBER 2026

Assessment Report

Regarding the Eleventh Complaint Received in Relation to
IFC's Investment in Karot Power Company Ltd.

IFC project number: 36008

About CAO

The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism of the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA), members of the World Bank Group. We work to facilitate the resolution of complaints from people affected by IFC and MIGA projects in a fair, objective, and constructive manner; enhance environmental and social project outcomes; and foster public accountability and learning at IFC and MIGA.

CAO is an independent office that reports directly to the IFC and MIGA Boards of Executive Directors. For more information, see <http://www.cao-ombudsman.org/about-us>.



List of Acronyms

CAO	Office of the Compliance Advisor Ombudsman
EPC	engineering, procurement, and construction
ESPAG	Stakeholder Engagement and Grievance Response
IFC	International Finance Corporation
KPCL	Karot Power Company Ltd.
MIGA	Multilateral Investment Guarantee Agency
SOP	standard operating procedures
TGDC	Yangtze Three Gorges Technology & Economy Development Co., Ltd. (Pakistan)
CPEC	China-Pakistan Economic Corridor
KHPP	Karot Hydropower project

1 Executive Summary

In February 2026, the Office of the Compliance Advisor Ombudsman (CAO) received a complaint from a former worker of the Engineering, Procurement, Construction (EPC) contractor Yangtze Three Gorges Technology & Economy Development Co., Ltd. (TGDC), which was engaged on the Karot Hydropower Project (KHPP or the project) in Pakistan. The complaint alleges that the complainant's access to the project site was revoked in retaliation for submitting a grievance related to workplace security restrictions, resulting in the early termination of his employment.

During the assessment, both parties expressed an interest in a dispute resolution process but did not share a common understanding of the issues they were willing to discuss. The case will therefore be transferred to CAO's Compliance function for an appraisal of the International Finance Corporation's (IFC) social and environmental performance in accordance with paragraph 59 of the CAO Policy.¹

2 Background

2.1 The Project

IFC is involved with an active project (#36008) with its client, the Karot Power Company Ltd. (KPCL), a special-purpose vehicle incorporated in Pakistan and majority-owned by China Three Gorges South Asia Investment Limited (CSAIL). The project provides a long-term corporate A loan facility of up to US\$100 million to support the construction, operation, and maintenance of a 720-megawatt run-of-the-river hydropower plant that is being developed on the Jhelum River in Pakistan (the "project"). According to IFC, preconstruction started in early 2016, and project construction commenced formally in December 2016. KPCL appointed two companies to act as the EPC contractor: TGDC, responsible for engineering and construction, and China Machinery Engineering Corporation (CMEC) responsible for procurement. The project initiated commercial operations on June 29, 2022.²

2.2 The Complaint

On February 18, 2026, CAO received a complaint from a former TGDC worker alleging that his employment was terminated after he filed a complaint through the project's grievance mechanism. The complainant reports that he had raised concerns through KPCL's internal grievance mechanism about restrictions on workers' freedom of movement at the KPCL project site, as well as changes to the standard operating procedures (SOP) that had not been properly communicated to workers. He claims that submitting the complaint led to the revocation of his access to the KPCL project site, resulting in the early termination of his employment with TGDC. He further raises concerns about the effectiveness of KPCL's grievance mechanism. The

¹ See [CAO Policy](#).

² See [IFC Disclosures](#)

complainant asserts that he has experienced financial hardship and stress due to the loss of employment and is concerned about potential reprisals.

After determining the complaint eligible on May 14, 2026, CAO conducted an online assessment.

3 Purpose and Methodology of Assessment

3.1 Purpose

The aim of CAO’s assessment process is to develop a thorough understanding of the issues and concerns raised by the complainant(s), gather information on the views of different stakeholders, and determine whether the complainant(s) and the IFC client(s) would like to pursue a dispute resolution process facilitated by CAO or whether the complaint should be handled by CAO’s Compliance function for an appraisal of IFC’s performance standards (see appendix A).

CAO’s assessment process does not entail a judgment on the merits of the complaint. Instead, it seeks to understand the perspectives of both parties and to empower those involved to make informed decisions on how to address the issues raised.

3.2 Methodology

Figure 1 illustrates the approach and methodology of CAO’s assessment process.

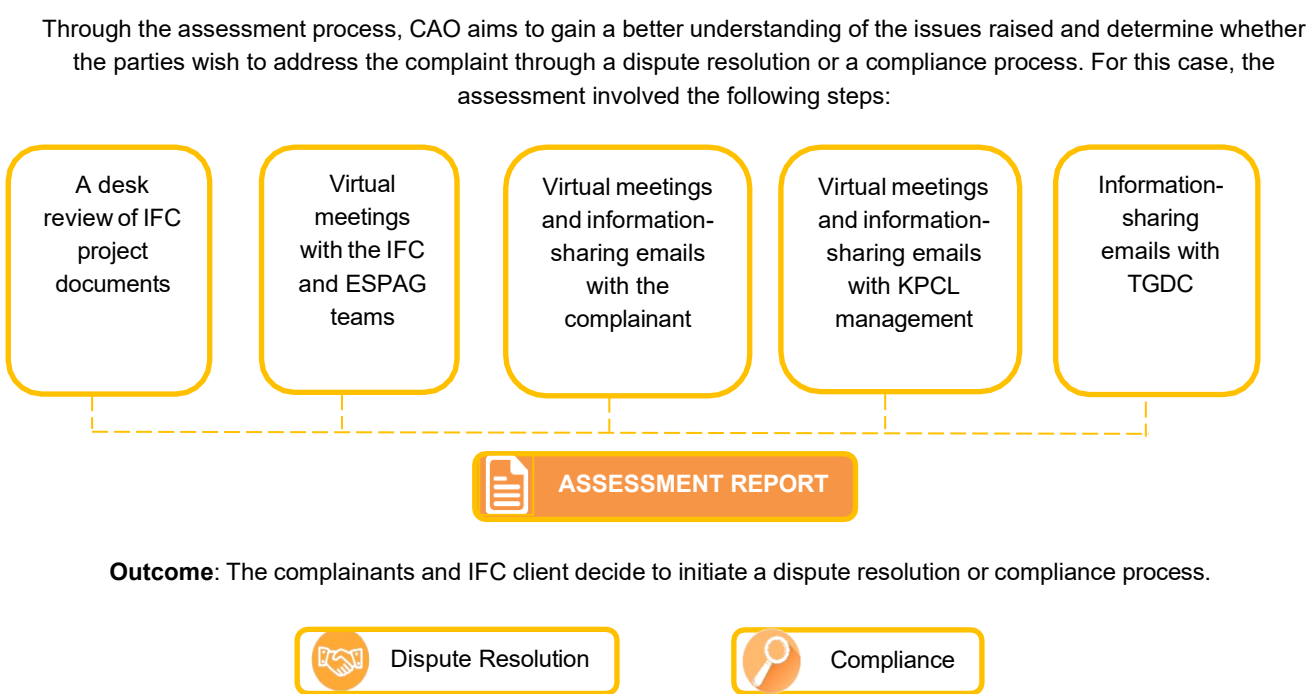


Figure 1. CAO Assessment Process

4 Complainant's Perspective

The complainant was employed by TGDC, KPCL's EPC contractor on the KHPP project. Over time, his responsibilities shifted from security-related functions to safeguarding TGDC's remaining assets at the KPCL project site. Following TGDC's demobilization in June 2025, the complainant remained on site in this role as the only TGDC employee with continued access to the project site. The complainant shared documentation with CAO indicating that he began working with TGDC in 2019 and remained employed under a series of annual contract extensions, the most recent of which extended through December 31, 2026.

Revocation of access to KPCL project site and early termination of employment

The complainant asserts that a series of security-related incidents at KPCL's security entry point prompted him to submit a grievance through KPCL's grievance mechanism. He further claims that this resulted in the unjustified and retaliatory revocation of his access to the project site, which in turn led to the early termination of his employment with TGDC. The security incidents that led the complainant to submit the grievance were as follows:

- On November 29, 2025, shortly after midnight, security personnel denied him entry to the KPCL project site, citing an SOP restriction on entry after midnight. The complainant contends that this requirement had not been communicated to him, to TGDC, or to other contractors. After the complainant contacted senior security officials, he was ultimately allowed to enter the site.
- On November 30, 2025, while attempting to leave the KPCL project site to visit an ATM, he was informed by security personnel that he needed a TGDC exit permission letter, approved by the KPCL security control room. The complainant disputed this claim, arguing that such a restriction had never been imposed before and was being applied solely to him. After the complainant contacted senior security officials, he was finally allowed to leave the site. Later that day, he raised concerns with KPCL and TGDC regarding the new access restrictions and submitted a complaint through KPCL's grievance mechanism. The complainant stated that KPCL management informed him that security personnel had complained about his behavior, which he denied.

The complainant asserts that, on December 1, 2025, he received a call from security personnel informing him that they had received documentation from KPCL management indicating that he had resigned from TGDC and that, as a consequence, KPCL had revoked his access to the project site. The complainant maintains that he did not submit a letter of resignation and that KPCL staff later showed him the letter he had purportedly submitted but would not allow him to photograph it or receive a copy.

The complainant states that he sought clarification as to why his site access had been revoked. TGDC told him that KPCL had made the decision; KPCL stated that security personnel at the entry point had done so, and the site security personnel claimed that it had been KPCL's decision.

According to the complainant, in January 2026, TGDC sent KPCL a letter requesting that he be permitted to reenter the project site, but KPCL refused, indicating that higher authorities considered his reentry "out of bounds in all aspects."

The complainant claims that the revocation of his site access resulted in the early termination of his employment with TGDC, which was scheduled to continue through December 31, 2026. He maintains that he did not resign voluntarily, that he received no formal documentation explaining the reasons for the revocation of his site access, and that he has not received any compensation from KPCL for his early termination, which he believes he is entitled to.

Following the revocation of his site access and subsequent early termination of employment, the complainant returned to his hometown, where he remained unemployed. Although TGDC paid him the compensation required under his contract, he claims that his early termination of employment due to the revocation of his site access by KPCL resulted in a loss of income, financial hardship, and reduced livelihood and employment opportunities, in addition to uncertainty about his ability to support himself and his family. He also asserts that he has experienced stress related to the unresolved circumstances of his early termination, the lack of clarity regarding the reasons for the revocation, and the adverse consequences he believes resulted from his use of worker grievance channels.

Discriminatory treatment

The complainant claims that, to his knowledge, the revised SOP requirements were applied more strictly to him than to other workers in comparable circumstances. From his perspective, the way the procedures were implemented raises concerns about unfair and discriminatory treatment.

The complainant asserts that regular access to and from the KPCL project site was essential to the performance of his responsibilities. He shared that the SOP changes communicated to him on November 29, 2025, had not been shared previously with him or with TGDC, were inconsistent with established site practice, and restricted his ability to perform his work. He further claims that security-related restrictions had increased without clear communication and that the consequences of disagreeing with security personnel had become more severe over time.

According to the complainant, KPCL personnel and security staff repeatedly asked him for the TGDC assets he was responsible for safeguarding for their personal use. He says he declined such requests and reported them to TGDC management. The complainant believes that his refusal to allow KPCL staff access to these assets contributed to the hostility he experienced from site personnel and formed part of a pattern of adverse treatment, including restrictions on his site access.

Grievance mechanism and alleged retaliation for submitting complaints

The complainant states that he used the available workers' grievance channels at KPCL to raise concerns regarding restrictions on access and exit to and from the project site, as well as the conduct of security personnel at the site entry point. He claims that he was discouraged from submitting a grievance against the security personnel, raising concerns about the transparency of the grievance mechanism, particularly whether workers could raise workplace concerns without fear of retaliation. The complainant believes that the revocation of his site access and subsequent early termination of employment were directly connected to his use of the grievance mechanism and the concerns he raised regarding the conduct of security personnel at the site entry point.

5 IFC Client Perspective

Revocation of access to KPCL project site and early termination of employment

KPCL contends that security arrangements for the KPCL project are implemented in accordance with the framework established by the Pakistani government for the China-Pakistan Economic Corridor's (CPEC) strategic infrastructure projects. All personnel entering the project are required to comply with applicable security procedures.

KPCL explains that entry and exit points to the KPCL project site are controlled solely by the Pakistani military who introduced strict security measures in response to the evolving security situation and national security risks in the region. These measures were intended to protect personnel, project assets, and operations. KPCL contends it does not have authority to override decisions made by the military regarding site access or security controls.³ KPCL therefore maintains that any denial or restriction of a worker's site access results from a decision made by the Pakistani military, following its own security protocols, and is not a decision made by KPCL.

KPCL confirms that TGDC served as the EPC contractor for the KHPP project during the construction phase of the project and that TGDC personnel had access to the project site in connection with the works related to the EPC contract. According to KPCL, in June 2025, following the conclusion of the defects liability period (DLP), most TGDC personnel demobilized from the project site, except for specifically authorized activities.

According to KPCL, following the demobilization of TGDC in June 2025, the complainant was the only TGDC employee with continued access to the project site. KPCL confirms that the complainant remained associated with TGDC to safeguard its assets located on site and that, based on available information, his contract with TGDC was active until December 31, 2025.

³ According to IFC, the security management plan assigns the army overall security responsibility, and KPCL retains duty of care and substantive responsibility for plan implementation, daily internal security management, preparation of procedures, entry/exit coordination, private security supervision, incident investigation, and recordkeeping.

KPCL asserts that the decision to revoke the complainant's access to the project site was based on the recommendation of military personnel. KPCL informed CAO that the Pakistani military had documented two verbal altercations between the complainant and military personnel, which led the military to suggest disciplinary action and the revocation of the complainant's site access.

Regarding the termination of the complainant's employment, KPCL maintains that at the completion of the EPC contract, KPCL had no contractual or legal obligation, authority, or role in TGDC's employment-related decisions. KPCL indicates that the complainant was an employee of TGDC and that decisions relating to his employment, termination, and compensation are TGDC's responsibility. KPCL states that the complainant's employment with TGDC did not entitle him to be permanently stationed at the KPCL site and that TGDC employees may be reassigned to other duties or locations as required by TGDC. KPCL contends there is no contractual or legal obligation on KPCL to compensate the complainant for the early termination of his contract.

KPCL further states that TGDC employees may access the KPCL site only upon a formal request from TGDC and subsequent authorization by KPCL. KPCL confirms that, following the revocation of the complainant's site access in December 2025, it received a request from TGDC seeking authorization for the complainant to reenter the project site. KPCL states that it subsequently sought the Pakistani military's authorization for the complainant's reentry through a letter dated January 14, 2026, and that the military denied the request.

Discriminatory treatment

KPCL states that the security management plan and SOP fall under KPCL's management in coordination with the military and apply equally to all personnel on site.⁴ KPCL states the security requirements were not directed specifically at the complainant, and that all personnel had been duly informed of the entry and exit times under the SOP before the security incidents cited by the complainant occurred.

Grievance mechanism and alleged retaliation for submitting complaints

KPCL states that it maintains a comprehensive and transparent worker and community grievance mechanism that has been regularly reviewed by IFC as part of its supervision activities during the construction and operational phases. CAO shared a copy of the grievance letter that the complainant stated he had submitted to KPCL's grievance mechanism. KPCL asserts that it has no record of any grievance submitted by the complainant regarding concerns about the security procedures or security incidents at the KPCL project site.

Engagements with TGDC

⁴ In addition to the company's statement, IFC clarified that specific security procedures vary according to personnel category, type and purpose of movement, destination, and entry point.

With the consent of the complainant and KPCL, CAO contacted TGDC to obtain additional information regarding the complainant's employment and the circumstances surrounding its termination. TGDC confirmed that the complainant had been employed by TGDC since 2019 and had remained assigned to the KPCL project site following TGDC's demobilization to safeguard TGDC assets located at the site.

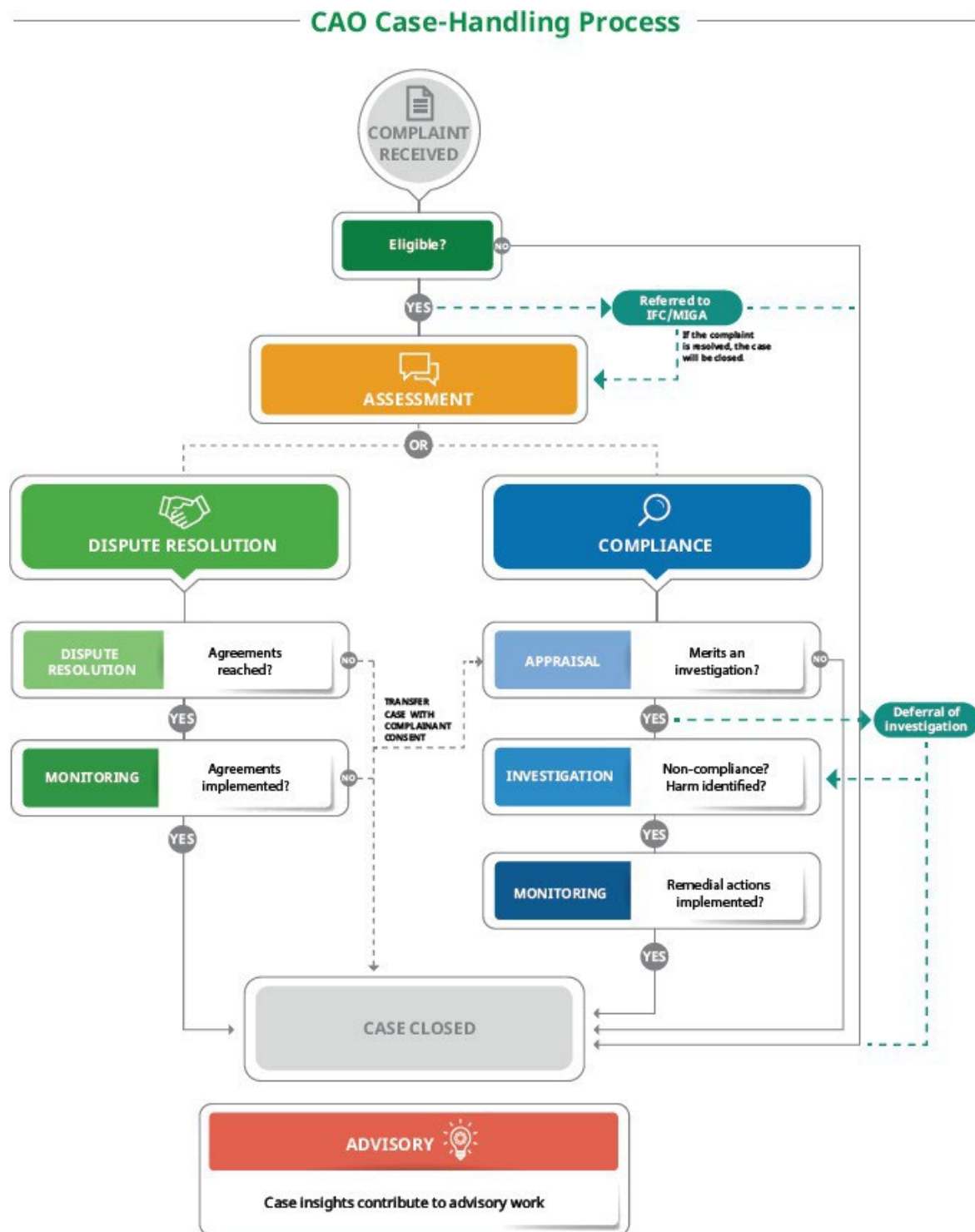
TGDC also confirmed that the early termination of the complainant's employment was directly related to the revocation of his access to the KPCL project site. TGDC confirmed that, following the termination, it provided the complainant with compensation in accordance with the applicable requirements of Pakistani labor law and the terms of his employment contract. The complainant confirmed receipt of such compensation, and TGDC provided CAO with documentation verifying the payment.

According to TGDC, following the revocation of the complainant's site access, it submitted a formal request to KPCL seeking authorization for the complainant to reenter the site. KPCL denied the request on the basis that the Pakistani military would not authorize his return. TGDC shared with CAO both its formal request and KPCL's response.

6 Conclusion and Next Steps

Both parties initially expressed interest in engaging in a dispute resolution process, but they do not share a common understanding of the issues they are willing to discuss. Therefore, in accordance with paragraph 59 of the CAO Policy, because the parties have not agreed to engage in a CAO-facilitated dialogue process, the case will be transferred to CAO's Compliance function for an appraisal of IFC's environmental and social performance related to the project. CAO's compliance appraisal will determine whether an investigation of IFC is warranted or if CAO will close the case.

Appendix A: CAO's Complaint-Handling Process



Under the IFC/MIGA Independent Accountability Mechanism (CAO) Policy, the following steps are typically followed in response to a complaint:

- Step 1: **Acknowledgment** of receipt of the complaint.
- Step 2: **Eligibility:** A determination of the complaint's eligibility for assessment under the mandate of CAO (no more than 15 business days).
- Step 3: **Assessment:** Assessing the issues and providing support to stakeholders in understanding and determining if they would like to pursue a consensual solution through a collaborative process convened by CAO's Dispute Resolution function or whether the case should be handled by CAO's Compliance function to review IFC's/MIGA's environmental and social due diligence. The assessment time can take up to a maximum of 90 business days, with a possible extension of up to 30 additional business days if, after the initial 90-business-day period, (1) the parties confirm that resolution of the complaint is likely; or (2) either party expresses interest in dispute resolution, and there is potential that the other party will agree.
- Step 4: **Facilitating settlement:** If the parties choose to pursue a collaborative process, CAO's Dispute Resolution function is initiated. The dispute resolution process is typically based on or initiated by a memorandum of understanding and/or mutually agreed-on ground rules between the parties. It may involve facilitation/mediation, joint fact-finding, or other agreed resolution approaches leading to a settlement agreement or other mutually agreed and appropriate goals. The major objective of these types of problem-solving approaches is to address the issues raised in the complaint and any other significant issues relevant to the complaint that were identified during the assessment or the dispute resolution process in a way that is acceptable to the affected parties.

OR

Compliance appraisal/investigation: If the parties opt for an investigative process, the complaint is transferred to CAO's Compliance function. The complaint is also transferred to the Compliance function when a dispute resolution process results in partial or no agreement. At least one affected community member must provide explicit consent for the transfer unless CAO is aware of concerns about threats and reprisals. CAO's Compliance function reviews IFC/MIGA's compliance with environmental and social policies, assesses related harm, and recommends remedial actions where appropriate following a three-step process. First, a compliance appraisal determines whether further investigation is warranted. The appraisal can take up to 45 business days, with a possible extension of 20 business days in exceptional circumstances. Second, if an investigation is warranted, the appraisal is followed by an in-depth compliance investigation of IFC/MIGA's performance. An investigation report is publicly released along with IFC/MIGA's response and an action plan to remediate findings of noncompliance

and related harm. Third, in cases where noncompliance and related harm are found, CAO will monitor the effective implementation of the action plan.

Step 5: **Monitoring and follow-up**



